

Message Text

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FM AMEMBASSY BONN

TO SECSTATE WASHDC PRIORITY 5391

INFO AMEMBASSY LONDON

AMEMBASSY PARIS

USMISSION USBERLIN

C O N F I D E N T I A L SECTION 01 OF 03 BONN 20897

E.O. 11652: GDS

TAGS: EAIR, UK, WB, FR

SUBJECT: CIVAIR - BERLIN CHARTERS TO LONDON AND PARIS

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D. BONN 20575

1. SUMMARY: IN THE LIGHT OF GOF AND UKG MEASURES DENYING PAA'S BERLIN ORIGIN CHARTERS ACCESS TO THE PARIS AND LONDON MARKETS, WE HAVE REVIEWED POSSIBLE U.S COUNTER-MEASURES. THIS MESSAGE ENUMERATES THOSE THEORETICALLY AVAILABLE AND PROVIDES EMBASSY VIEWS ON THEIR POTENTIAL EFFECTIVENESS AND DESIRABILITY. FROM OUR STANDPOINT MOST OR ALL THESE COURSES OF ACTION (IN THE CAA FORUM OR ON A BILATERAL BASIS) COULD CONCEIVABLY HAVE DAMAGING EFFECTS ON OTHER U.S. INTERESTS. WE, THEREFORE, CONCLUDE WHATEVER NEGOTIATING LEVERAGE WE HAVE RESTS ON BERLIN RELATED POLITICAL FACTORS RATHER THAN ON ANY CIVAIR MEASURES WE MIGHT ADOPT. WE ALSO BELIEVE THE POSSIBLE LONGER TERM IMPLICATIONS OF THIS ISSUE RENDER IT SUFFICIENTLY IMPORTANT TO BE PURSUED FURTHER. ACTION REQUESTED: VIEWS OF DEPARTMENT AND INTERESTED ADDRESSEES. END SUMMARY.

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2. GIVEN THE POSITIONS ADOPTED BY THE BRITISH AND FRENCH IN ELIMINATING PAA/BERLIN FROM THE LONDON AND PARIS CHARTER MARKETS, WE HAVE BEEN REVIEWING POSSIBLE COUNTERMEASURES THE U.S. MIGHT TAKE. FROM OUR PERSPECTIVE THREE GENERAL APPROACHES SUGGEST THEMSELVES:

- A) ACTIONS WITHIN THE CAA FORUM;
- B) BILATERAL RETALIATORY MEASURES AGAINST THE FRENCH AND BRITISH CARRIERS AS REGARDS THEIR ACCESS TO THE U.S. CHARTER MARKET;
- C) THE ESCALATION OF U.S. DEMARCHES IN WASHINGTON, BONN, LONDON AND PARIS TO EVEN HIGHER LEVELS, LAYING PARTICULAR STRESS ON THE HARMFUL POLITICAL IMPACT OF BRITISH AND FRENCH ACTIONS ON OUR SHARED INTERESTS AND RESPONSIBILITIES IN WEST BERLIN.

NONE OF THE ABOVE ARE MUTUALLY EXCLUSIVE, OF COURSE, AND COULD BE EMPLOYED SIMULTANEOUSLY OR SERIALLY.

3. BEGINNING AT THE EXTREME IN THE CAA FORUM WE COULD WITHDRAW CONCURRENCE IN CHARTER CLEARANCES FOR LONDON CHARTERS ALREADY APPROVED FOR LAKER AND DANAI (MOST OF WHICH RUN THROUGH MARCH 1976). WE MIGHT ALSO REFUSE CONCURRENCE SHOULD AIR FRANCE APPLY FOR ADDITIONAL SUPPLEMENTARY FLIGHTS TO REPLACE CHARTERS PAA COULD OTHERWISE HAVE FLOWN. OTHER OPTIONS WOULD INCLUDE DENYING CLEARANCE TO ANY ADDITIONAL LONDON CHARTERS FOR DANAI AND LAKER ONCE THE PROGRAMS APPROVED HAVE BEEN CONCLUDED. WITH RESPECT TO AIR FRANCE, WE MIGHT REFUSE TO APPROVE THE CARRIER'S SPECIAL CULTURAL FARE AS WELL AS TAKE A NEGATIVE APPROACH TO THE FRENCH INTENTION TO INTRODUCE NEW IGS SERVICES DURING THE SCHEDULING REVIEW AT THE END OF THE WINTER SEASON. IT WOULD ALSO BE POSSIBLE TO TAKE A HARD LINE ON BRITISH AND FRENCH SCHEDULING, SPECIAL FARE AND CHARTER APPLICATIONS SHORT OF DENYING CORRIDOR CLEARANCE. THIS WOULD INVOLVE DEMANDING RIGOROUS ADHERANCE TO CAA PROCEDURES RELATING TO ON-LINE CHARTERS (OCCASIONALLY SOUGHT BY THE FRENCH) AND CHARTER COMMINGLING, A PRACTICE FAVORED BY BRITISH CARRIERS SERVING LONDON. ANOTHER POSSIBILITY WOULD BE TO TIE U.S. CONCURRENCE IN AN IGS FARE INCREASE TO A MORE FORTHCOMING BRITISH CHARTER POLICY. LASTLY, WE

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COULD SOLICIT DIRECT SUPPORT FOR OUR POSITION FROM THE FRG FONOFF WHICH HAS ALREADY EXPRESSED CONCERN OVER THE EFFECTS OF BRITISH AND FRENCH CHARTER RESTRICTIONS ON WEST BERLINERS - REF D.

4. WE SEE SERIOUS LIMITATIONS TO BRINGING EFFECTIVE PRESSURE ON THE BRITISH AND FRENCH THROUGH CAA ACTION. IN GENERAL, THE OTHER CAA'S WOULD, OF COURSE, HAVE

AMPLE OPPORTUNITY TO RETALIATE SO AS TO DAMAGE PAA
AND OTHER U.S. CARRIER INTERESTS STILL FURTHER. MORE-
OVER, USING THE CLEARANCE FUNCTION TO GAIN NEGOTIATING
LEVERAGE WOULD IMPAIR AIR ACCESS TO WEST BERLIN AS AN
UNWELCOME BY-PRODUCT. FINALLY, ALMOST ALL THE MEASURES

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LISTED IN PARA 2 WOULD TO SOME DEGREE DISADVANTAGE THE
BERLIN TRAVELING PUBLIC AND RUN THE RISK OF ATTRACTING
CRITICISM FROM THE FRG AND BERLIN AUTHORITIES.
(GERMAN BYSTANDERS ARE WELL AWARE THAT BRITISH AND
FRENCH ACTIONS CREATED THE PROBLEM AND THUS FAR HAVE
HAD NO REASON TO BE CRITICAL OF PAA OR THE USG.)

5. LINKING THE CHARTER ISSUE TO THE FARE QUESTION
LIKEWISE STRIKES US AS A DOUBTFUL TACTIC. ACCORDING TO
OUR LATEST SOUNDINGS PAA NOW WANTS THE FARE INCREASE
BADLY - PROBABLY MORE THAN IT WANTS LONDON AND PARIS
CHARTERS - AND MOST LIKELY WOULD NOT FAVOR OUR TEMPOR-
IZING SOLELY FOR THE UNCERTAIN CONCESSIONS WE MIGHT
GAIN FROM THE BRITISH. GIVEN THE IMPORTANCE OF FARE

LEVELS FOR THE IGS WE WOULD TEND TO THINK THE AIRLINES' APPLICATIONS SHOULD BE DECIDED ON THEIR OWN MERITS. WE DOUBT WE WOULD FAVOR PROCEEDING WITH A FARE INCREASE IF U.S. EVALUATION OF THE CARRIERS' DATA DID NOT JUSTIFY THE STEP WHATEVER THE BRITISH MIGHT OFFER AS AN INDUCEMENT.

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6. WHILE WE BELIEVE IT IMPORTANT THAT FRG BCATAG REPS UNDERSTAND CLEARLY THE CAUSES BEHIND THE PRESENT PROBLEM, WE THINK ANY OVERT ACTION ON OUR PART TO SOLICIT FRG SUPPORT COULD HAVE NEGATIVE IF UNPREDICTABLE REPERCUSSIONS FOR ALLIED COOPERATION GENERALLY IN ADMINISTERING THE BERLIN CIVIL AIR REGIME. ON THE OTHER HAND, SHOULD THE FRG OR BERLIN SENAT VOLUNTEER ANY FURTHER EXPRESSIONS OF CONCERN WE SEE NO REASON WHY WE SHOULD NOT LET THE BRITISH AND FRENCH BEAR THE FULL BURDEN OF EXPLAINING THEIR ACTIONS.

7. ALTHOUGH WE ARE NOT IN A POSITION TO ASSESS THE POSSIBILITIES FOR EFFECTIVE U.S. BILATERAL RETALIATORY MEASURES AGAINST THE INTERESTS OF FRENCH AND BRITISH CARRIERS IN THE AMERICAN MARKET, WE CAN SEE SOME DIFFICULTIES. THE BILATERAL APPROACH WOULD, OF COURSE, RUN COUNTER TO OUR LONG STANDING POSITION THAT BERLIN MATTERS ARE A SHARED ALLIED RESPONSIBILITY AND SHOULD BE TREATED DISTINCTLY FROM BILATERAL CONSIDERATIONS BY THE THREE POWERS (AND THE FRG). MOREOVER, WE WOULD THINK THAT GIVEN THE PRESENT STATE OF PLAY ON THE U.S.-EUROPEAN CHARTER FRONT, ANY STEPS WE MIGHT TAKE IN DEFENSE OF OUR BERLIN INTERESTS WOULD FURTHER COMPLICATE REACHING SATISFACTORY AGREEMENTS WITH ECAC COUNTRIES. WE WOULD BE INCLINED TO DEFER TO THE DEPARTMENT AND EMBASSIES LONDON AND PARIS AS TO THE TYPE AND REPERCUSSIONS OF ANY BILATERAL COUNTERMEASURES THE U.S. MIGHT TAKE.

8. SINCE OUR DEMARCHES TO DATE HAVE NOT INDUCED THE BRITISH TO ALTER THEIR STAND, WE WOULD THINK CONSIDERATION WOULD HAVE TO BE GIVEN TO APPROACHING THE PROBLEM AT THE UNDER-SECRETARY LEVEL. ALTHOUGH WE SHOULD CONTINUE TO REGISTER SERIOUS CONCERN OVER PAA'S INTERESTS, IN AN FUTURE DEMARCHES WE WOULD STRESS THE EVEN MORE IMPORTANT NEGATIVE POLITICAL SIGNIFICANCE FOR WEST BERLIN'S CIVAIR AIR INTERESTS OF THE RESTRICTIVE ACTIONS TAKEN BY LONDON AND PARIS. IN THIS CONTEXT, THE EXAMPLE SET FOR NON-ALLIED COUNTRIES UPON WHOSE COOPERATION WEST BERLIN'S AIR ACCESS TO NON-FRG DESTINATIONS DEPENDS IS PARTICULARLY WORRISOME. MOREOVER,

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GERMAN OFFICIAL AND PUBLIC OPINION TOWARD THE ALLIED
ROLE IN WEST BERLIN AIR MATTERS WILL OF NECESSITY BE
ADVERSELY AFFECTED -- A SITUATION WHICH COULD COMPLI-
CATE MEASURES THE ALLIES MAY WISH TO TAKE IN THE BERLIN
AVIATION FIELD. WE WOULD THINK THE PRESENT SITUATION
WOULD REINFORCE LONG STANDING GERMAN FEELINGS THAT THE
ALLIES PLACE NARROW COMMERCIAL INTERESTS ABOVE THOSE
OF THE WEST BERLIN TRAVELING PUBLIC. THIS COULD HARDEN
GERMAN RESISTANCE (WHICH WE WOULD EXPECT TO BE VIGOROUS
ENOUGH) TO ANY FARE INCREASE WE MIGHT WISH TO INTRODUCE.
AS WE HAVE INDICATED BEFORE, WE THINK THE FRENCH SHOULD
BE INCLUDED IN ANY ADDITIONAL DEMARCHES WE MIGHT DECIDE
TO MAKE. WE WOULD ALSO PROPOSE TO APPROACH THE BRITISH
AND FRENCH EMBASSIES HERE AT A HIGH LEVEL.

9. THE ABOVE RAISES THE QUESTION OF OUR RESPONSE
SHOULD THE BRITISH CALL FOR POLITICAL LEVEL TALKS ON
IGS ISSUES -- AS IMPLIED IN A REMARK BY FCO OFFICIAL
HIBBARD (LONDON 19250). WE SEE PITFALLS AS WELL AS
POSSIBLE ADVANTAGES INVOLVED IN SUCH TALKS. IN PRE-

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VIOUS EXERCISES THE BRITISH HAVE PRESSED -- RELATIVELY SUCCESSFULLY -- FOR U.S. CONCESSIONS ON IGS FARE LEVELS, APPROACHES TO THE FRG ON SUBSIDIES AND RESTRICTIONS ON NON-THREE POWER AIRLINE ACCESS TO WEST BERLIN. WE WOULD EXPECT THIS TO BE THE CASE AGAIN, PARTICULARLY IF WE APPEARED TO HAVE DIFFICULTY IN PROCEEDING WITH THE CURRENT FARE INCREASE APPLICATION. ON THE OTHER HAND, THIS WOULD BE THE FIRST TIME THE U.S. COULD ACTIVELY SEEK A CONCRETE BRITISH CONCESSION, I.E., ALLIED AGREEMENT THAT POTENTIAL WEST BERLIN CHARTER MARKETS BE AVAILABLE ON A NON-DISCRIMINATORY BASIS TO ALL WEST BERLIN CARRIERS. AS INDICATED ABOVE WE DO NOT SEE A DIRECT LINK BETWEEN THE FARE INCREASE AND THE CHARTER ISSUE AS VIABLE, BUT WE WOULD NOT PRECLUDE THE POSSIBILITY THAT SOME MODUS OPERANDI ON CHARTERS COULD EMERGE, ESPECIALLY IF THE OTHER ISSUES FELL INTO PLACE ON THEIR OWN MERITS. THE ROLE ASSIGNED TO THE FRENCH IN ANY SUCH EXCHANGES IS YET ANOTHER QUESTION TO BE ANSWERED. IN ANY EVENT, IT APPEARS TO US THE POTENTIAL UTILITY OF POLITICAL LEVEL TALKS WARRANTS CONSIDERATION.

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10. COMMENT: IN REVIEWING THE ABOVE WE ARE FORCED TO CONCLUDE WE HAVE VERY LITTLE USABLE LEVERAGE AGAINST THE BRITISH AND EVEN LESS AGAINST THE FRENCH (GIVEN THEIR LIMITED ECONOMIC STAKE IN BERLIN CIVIL AIR). ALMOST ANY RETALIATORY CAA ACTION WE MIGHT TAKE RUNS THE RISK OF INDUCING A STALEMATE TO THE DETRIMENT OF AIR ACCESS AND THE TRAVELING PUBLIC -- AN OUTCOME COUNTER TO OUR BROADER POLITICAL INTERESTS IN WEST BERLIN. WE NONETHELESS BELIEVE WE CANNOT AFFORD TO DROP THE ISSUE HERE, BOTH BECAUSE OF ITS NEGATIVE IMPACT ON PAA'S COMMERCIAL INTERESTS AND THE POSSIBLE LONGER TERM HARM TO WEST BERLIN CIVIL AIR INTERESTS WHICH COULD RESULT. FROM OUR VANTAGE POINT, CONTINUED HIGH LEVEL PRESSURE ON THE GOF AND UKG APPEARS AS THE ONLY READILY AVAILABLE COURSE OF ACTION NOT CARRYING THE POTENTIAL FOR COMPROMISING OTHER U.S. INTERESTS. ACTION REQUESTED: VIEWS OF THE DEPARTMENT AND INTERESTED ADDRESSEES WOULD BE APPRECIATED.
HILLENBRAND

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